

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **September 27, 2005**

AGENDA ITEM NO.: **5**

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **\$7,500,000 Loan from the Virginia Public School Authority Interest Subsidy Program for E C Glass High School**

RECOMMENDATION: City Council is requested to take the following actions regarding retirement of \$7,500,000 outstanding Bond Anticipation Notes for E C Glass High School:

- (a) Conduct a Public Hearing in accordance with Sec. 15.1-227.8 (A) of the Code of Virginia for the issuance of \$7,500,000 Virginia Public School Authority (VPSA) Bonds
- (b) Adopt a resolution authorizing the issuance of an amount not to exceed \$7,500,000 Virginia Public School Authority Bonds
- (c) Adopt a resolution to amend the FY 2006 School Capital Projects Fund Budget and appropriate \$18,500 for estimated bond issuance costs reimbursable from the bond proceeds.

SUMMARY: In January 2003, the City applied for a \$7,500,000 State Literary Fund Loan (3% interest) for the E C Glass High School renovation/construction project. Typically there is a waiting period of twelve to eighteen months before State Literary Loan proceeds are released to the applicant. In order to meet the construction schedule for this project, \$7,500,000 General Obligations Bond Anticipation Notes (BANS) were issued on June 2004 with a maturity date of June 1, 2006. These notes were issued to provide short-term financing in anticipation of receiving the State Literary Fund Loan. With the State Budget situation, there are no State Literary Funds available. As an option, the City can substitute the State Literary Loan with a Virginia Public School Authority Interest Subsidy Loan with the same 3% effective interest rate. In order to provide for long-term financing, the Virginia Public School Authority Bonds will be issued to replace the BANS. Participation in the VPSA Interest Subsidy Loan will provide the City the option of redeeming the FY 2004 BANS in December 2005. Interest savings on the early redemption of the FY 2004 BANS will be \$112,500 for FY 2004.

PRIOR ACTION(S): None

FISCAL IMPACT: Increased annual principal and interest payments. Retirement of the BANS consistent with long-term financial plan for funding renovation/construction of E C Glass High School

CONTACT(S): Michael W. Hill 455-4218

ATTACHMENT(S): Resolution authorizing the issuance of \$7,500,000 Virginia Public School Authority Bonds

REVIEWED BY: lkp

- A. Conduct a Public Hearing in accordance with Sec. 15.1-227.8 (A) of the Code of Virginia for the issuance of \$7,500,000 Virginia Public School Authority (VPSA) Bonds.
- B. Consideration of adopting the attached resolution authorizing the issuance of \$7,500,000 Virginia Public School Authority Bonds.
- C. BE IT RESOLVED That the FY 2006 School Capital Projects Fund Budget is amended and \$18,500 is appropriated to the School Capital Projects Fund with resources of \$18,500 from the bond proceeds for expenses associated with the issuance of the \$7,500,000 VPSA Bonds.

Introduced:

Adopted:

Certified:

Clerk of Council